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Bureau of Agricultural Economics
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THE TOBACCO SITUATION

Summary

A moderately favorable price outlook for most types of tobacco is reported by the Bureau of Agricultural Economics, but the general market situation may not be quite so favorable to growers as last year.

Total acreage of tobacco on July 1 was estimated to be almost 18 percent above the acreage harvested last year. Increases in acreage are reported for all types of tobacco except Type 14 in Georgia and Type 32 in Maryland. In these two areas, growers' original intentions have been materially reduced, chiefly because of the effect of blue mold.

With rather good yield prospects, the indicated production shows even a greater increase than acreage, a total of 1.4 billion pounds being 23 percent larger than the 1936 production. Since stocks are expected to be lower this year than at the beginning of the 1936 marketing season, however, total supplies (production plus stocks) for most types and classes will not be much larger than last year. With an increasing consumption of most tobacco products, therefore, the general market situation this year is likely to be moderately favorable to growers.

The price outlook for Maryland tobacco is better than in 1936 because of the smaller production indicated. Although production of the cigar types has increased, it is still less than probable consumption, and consequently the general outlook for cigar tobacco is no less favorable than in 1936. For flue-cured tobacco, the market situation is not expected to differ

greatly from that of last year, although a small decline in the average price is possible. The outlook for Burley and the dark air-cured types seems fairly satisfactory, but prices are not expected to remain at the high levels reached in 1936-37. With increased production indications and apparently declining consumption, the outlook for fire-cured tobacco is not encouraging.

The marketing season for the 1937 tobacco crop will begin this month with the opening of the flue-cured markets in Georgia and Florida on July 29.

FLUE CURED, TYPES 11-14

Total acreage of flue-cured tobacco this year is a little less than the acreage indicated by March 1 intentions to plant. The ravages of blue mold and insect pests have reduced acreage below March 1 intentions in Georgia and, to a lesser extent, in the Type 11 region of Virginia and North Carolina. Reductions in these areas have not been entirely offset by increased acreage of Types 12 and 13 above March 1 intentions. In all States except Georgia, however, the acreage is well above the 1936 harvested acreage, the total of 958 thousand acres being 11 percent above last year.

Total production of flue-cured tobacco, according to July 1 conditions, is 767 million pounds, 84 million pounds more than last year's production. Although stocks on hand at the beginning of the marketing season are expected to be somewhat smaller than last year, the total supply will probably be about 68 million pounds larger.

Consumption of cigarettes, the most important domestic outlet for flue-cured tobacco, is expected to continue to increase, although there may be some slackening off in the rate of increase. Tax-paid withdrawals of cigarettes in the last half of 1936 were 16 percent larger than in the last half of 1935; but January-June withdrawals in 1937 were only 8 percent above the same period in 1936.

The outlook for improvement in foreign demand is rather favorable inasmuch as increased supplies in this country will probably be accompanied by a somewhat larger volume of exports than in 1936-37. The increased acreage of flue-cured tobacco in the Orient may decrease demand for United States flue-cured tobacco in that area. On the other hand, prospects are good for increased exports to European countries, including the United Kingdom which is the outstanding foreign outlet for our flue-cured tobacco.

The expected increase of 68 million pounds in the total supply this year does not appear to be much larger than needed to keep pace with increasing consumption. Consequently, the outlook is for a market situation almost as favorable as that of last year when prices averaged 22 cents per pound. Markets in Georgia and Florida are scheduled to open July 29.

Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1931-35, annual 1936-37 1/

Year	Production	Stocks, July 1	Total supply	Disappearance, year beginning July	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1931-35.	628.9	770.6	1,399.5	613.6	16.5
1936 2/	682.8	871.3	1,554.1	3/699.1	22.0
1937	4/767.2	3/855.0	3/1,622.2		

1/ Farm-sales-weight equivalent. 2/ Preliminary.
3/ Estimated. 4/ Indicated July 1.

BURLEY, TYPE 31

The estimated acreage of Burley tobacco this year shows a 40 percent increase over the relatively small acreage harvested in 1936. This is a greater increase than was indicated by the March 1 report of intentions to plant. Most of the increase over March 1 intentions is in Tennessee.

With yields per acre also expected to be higher, a production of 361 million pounds is indicated, 65 percent above the 1936 production. Total disappearance in the year beginning October 1936 is expected to reach 340 million pounds, 122 million pounds more than the 1936 production, and October 1 stocks this year will probably be lower than last year's stocks by approximately this amount.

With smaller stocks and larger production, the total supply is expected to be only 21 million pounds above the short supply of 1936. Since production this year will constitute a much larger proportion of the total supply, however, a repetition of last year's unusually high prices is not to be expected. These high prices were apparently due to low production and to stocks which were unusually small relative to expected future requirements, but a rather widespread underestimation in trade circles of the actual production also may have been a factor.

Although the indicated production this year is larger than disappearance in any past year, it does not appear to be out of line with future requirements, provided the present upward trend in consumption continues. On the whole, this condition appears likely to be fulfilled, since a further increase in the demand for Burley in cigarettes is expected, and little change is indicated in the consumption of smoking and chewing tobacco. With these considerations in mind, and considering the relatively low stocks on hand, a moderately favorable situation for Burley growers appears probable.

Burley tobacco: Domestic supplies, disappearance, and season average price, average 1931-35, annual 1936-37 1/

Year	Production	Stocks, Oct. 1	Total supply	Disappearance, year beginning October	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1931-35	315.8	700.7	1,016.5	281.5	13.5
1936 2/	218.3	681.7	900.0	3/340.0	35.8
1937	4/360.8	3/560.0	3/920.8		

1/ Farm-sales-weight equivalent. 2/ Preliminary.
3/ Estimated. 4/ Indicated July 1.

MARYLAND, TYPE 32

The slight increase in acreage of Maryland tobacco indicated on March 1 has given way to a 4 percent decrease according to July 1 estimates. The prevalence of blue mold in the Maryland tobacco area has been chiefly responsible for this shift. With lower yields per acre also expected, the indicated production of 23 million pounds is 22 percent below the 1936 production.

If the present rate of disappearance is maintained, stocks on January 1, 1938, the beginning of the marketing season for this year's production, will be about the same as stocks on January 1 of this year. Consequently, the decrease of 6.5 million pounds in production will probably be accompanied by a similar reduction in the total supply.

This expected decrease in supply tends to remove some of the uncertainty which has existed in the outlook for Maryland tobacco. With production smaller than probable disappearance, and with further increases in domestic consumption expected, any uncertainty as to export demand is not sufficient to affect the relatively favorable price outlook for growers of Maryland tobacco.

Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1931-35, annual 1936-37 1/

Year	Production	Stocks, Jan. 1 of following year	Total supply	Disappearance, following calendar year	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1931-35	26.6	33.5	60.1	23.3	17.4
1936 2/	29.6	38.5	68.1	3/30.1	21.0
1937	4/23.1	3/38.0	3/61.1		

1/ Farm-sales-weight equivalent. 2/ Preliminary.
3/ Estimated. 4/ Indicated July 1.

FIRE-CURED, TYPES 21-24

For all types of fire-cured tobacco, acreage and indicated production are larger this year than last year, although the increases are not as large as were indicated from the March 1 intentions. Total acreage is 11 percent above the record low acreage harvested in 1936, and production is up 15 percent.

In 1936, as a result of the small production, and stocks which had been reduced through the byproducts-diversion program of the Agricultural Adjustment Administration, the average price rose to 11.8 cents per pound compared with 8.8 cents in 1935.

The consumption of snuff, the most important domestic outlet for fire-cured tobacco, seems to be rather stable. Since there is no evidence to indicate that the downward trend in exports has been checked, the increased production this year will probably be above ordinary requirements. Consequently, the maintenance of last year's prices for the 1937 production appears doubtful.

Fire-cured tobacco: Domestic supplies, disappearance, and season average price, average 1931-35, annual 1936-37 1/

Year	Production	Stocks, Oct. 1	Total supply	Disappearance, year beginning October:	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Average 1931-35	138.1	202.7	340.8	131.1	8.0
1936 2/	99.7	208.0	307.7	3/ 107.7	11.8
1937	4/114.6	3/200.0	3/314.6		

1/ Farm-sales-weight equivalent. 2/ Preliminary.
3/ Estimated. 4/ Indicated July 1.

DARK AIR-CURED, TYPES 35-37

Total acreage of all dark air-cured tobacco is 42 percent above the 1936 acreage, but indicated production is up 74 percent because of larger yields per acre. Production of One Sucker shows the largest increase, the expected production of 21 million pounds being 94 percent larger than last year's production. Increases for Green River and Virginia sun-cured are 39 percent and 12 percent respectively.

Production this year, according to the July 1 estimate, will be a little larger than annual disappearance in recent years. With stocks materially reduced, however, the total supply will not be much larger than the relatively small 1936 supply.

Little change in domestic consumption of dark air-cured tobacco is expected, but exports may increase following the marked decline which occurred in 1936-37.

In view of the large increase in production indicated for this year, a repetition of last year's unusually high prices is unlikely, but a market situation fairly favorable to growers seems probable.

Dark air-cured tobacco: Domestic supplies, disappearance, and season average price, average 1931-35, annual 1936-37 1/

Type and year	Production	Stocks, October 1	Total supply	Disappearance, year beginning October	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Total, Types 35-37					
Average 1931-35	41.0	74.4	115.4	42.1	6.1
1936 2/	24.6	62.2	86.8	3/ 39.5	15.4
1937	4/ 42.8	3/ 47.3	3/ 90.1		
One Sucker, Type 35					
Average 1931-35	17.6	34.6	52.2	18.9	6.0
1936 2/	10.8	28.8	39.6	3/ 17.6	16.3
1937	4/ 21.0	3/ 22.0	3/ 43.0		
Green River, Type 36					
Average 1931-35	21.0	36.2	57.2	20.5	6.0
1936 2/	11.2	30.7	41.9	3/ 18.9	14.5
1937	4/ 18.9	3/ 23.0	3/ 41.9		
Va. Sun-cured, Type 37:					
Average 1931-35	2.4	3.6	6.0	2.7	8.2
1936 2/	2.6	2.7	5.3	3/ 3.0	15.1
1937	4/ 2.9	3/ 2.3	3/ 5.2		

1/ Farm-sales-weight equivalent. 2/ Preliminary.
3/ Estimated. 4/ Indicated July 1.

CIGAR TOBACCO, TYPES 41-62

The 1937 acreage of every type of cigar tobacco is above the 1936 harvested acreage, with the relative increases ranging from 2 percent for Pennsylvania Seedleaf (Type 41) to 44 percent for Southern Wisconsin (Type 54.) Indicated production is also larger than last year's production for every type except Pennsylvania Seedleaf which shows a small decrease. The total is up 15 percent, with the filler class showing an 8 percent increase, the binder class 23 percent, and the wrapper class 9 percent.

Tax-paid withdrawals of large cigars in the year beginning July 1936 were 3 percent above July-June, 1935-36, and some further increase in consumption seems probable. Even with the increases this year, the production of cigar tobacco will be less than probable disappearance.

In 1936, average prices for all 3 classes were a few cents higher than in 1935. With stocks expected to be further reduced this year, and with indicated production, though increased, still a little below probable requirements, the outlook for all three classes continues generally favorable.

Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1931-35, annual 1936-37 1/

Class and year	Production	Stocks, Oct. 1 2/	Total supply	Disappearance, year beginning October	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Filler, Types 41-45					
Average 1931-35	55.8	171.8	227.6	53.2	7.1
1936 3/	47.3	164.6	211.9	4/ 52.9	11.0
1937	5/ 51.2	4/ 159.0	4/ 210.2		
Binder, Types 51-55					
Average 1931-35	52.5	204.2	256.7	59.1	9.8
1936 3/	41.2	156.8	198.0	4/ 64.0	14.7
1937	5/ 50.7	4/ 134.0	4/ 184.7		
Wrapper, Types 61-62					
Average 1931-35	7.2	16.6	23.8	8.8	65.1
1936 3/	9.6	11.0	20.6	4/ 11.0	83.1
1937	5/ 10.5	4/ 9.6	4/ 20.1		

1/ Farm-sales-weight equivalent. 2/ Stocks held on farms not included.
3/ Preliminary. 4/ Estimated. 5/ Indicated July 1.

Tax-paid withdrawals of tobacco products, July-June, and production of manufactured tobacco July-April, in the United States, 1935-36 and 1936-37 1/

Products	Tax-paid withdrawals, July-June			Manufactured tobacco	Production July - April		
	1935-36	1936-37	Change		1935-36	1936-37	Change
	Millions	Millions	Percent		1,000 pounds	1,000 pounds	Percent
Small cigarettes	141,832	158,680	+11.9				
Large cigarettes	3	3	0	Smoking	161,974	159,391	- 1.6
Large cigars	5,173	5,582	+ 7.9	Plug	49,969	49,971	2/
Small cigars	180	195	+ 8.3	Twist	4,916	5,557	+13.0
Snuff 3/	36,683	36,997	+ .9	Fine-cut	4,132	4,662	+12.8
Manufactured tobacco 3/	307,830	305,742	- .7	Scrap chewing	36,505	37,534	+ 2.8

1/ Tax-paid withdrawals include products from the Philippine Islands and Puerto Rico.
2/ Less than 5 hundredths of 1 percent increase. 3/ Thousand pounds.

Exports of tobacco from the United States by types, export weight, October-May 1935-36 and 1936-37

Type	1935-36	1936-37	Change
	1,000 pounds	1,000 pounds	Percent
Flue-cured 1/	307,679	290,861	- 5.5
Burley	6,210	8,197	+32.0
Ky. and Tenn. fire-cured	44,377	35,969	-18.9
Va. fire-cured	7,084	6,961	- 1.7
Maryland 2/	3,133	2,792	-10.9
One Sucker	530	349	-34.2
Green River	2,260	1,909	-15.5
Cigar leaf	565	364	-35.6
Black fat, water bales, and dark African	6,930	7,025	+ 1.4

1/ July-May. 2/ January-May.

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Acreage and production of tobacco in the United States, by types, 1936 and 1937

Type	Acreage			Production		
	1936	1937 1/	Change	1936	1937 2/	Change
	1,000 acres	1,000 acres	Percent	Mil. pounds	Mil. pounds	Percent
Total flue-cured, Types 11-14	864.5	958.0	+11	682.8	767.2	+12
Old and Middle Belt, Type 11	327.5	362.0	+11	245.6	245.8	3/
Eastern North Carolina, Type 12	293.0	328.0	+12	222.7	283.7	+27
South Carolina, Type 13	151.0	184.0	+22	124.9	166.4	+33
Georgia, Type 14	93.0	84.0	-10	89.6	71.3	-20
Total fire-cured, Types 21-24	126.7	140.9	+11	99.7	114.6	+15
Virginia, Type 21	23.5	25.4	+ 8	18.1	19.0	+ 5
Ky. and Tenn., Type 22	70.0	78.0	+11	56.4	64.6	+15
Ky. and Tenn., Type 23	30.5	34.0	+11	23.2	28.1	+21
Henderson, Type 24	2.7	3.5	+30	2.0	2.9	+45
Burley, Type 31	301.3	420.6	+40	218.3	360.8	+65
Maryland, Type 32	37.0	35.5	- 4	29.6	23.1	-22
Total dark air-cured, Types 35-37	34.2	48.4	+42	24.6	42.8	+74
One Sucker, Type 35	14.9	23.6	+58	10.8	21.0	+94
Green River, Type 36	16.0	21.0	+31	11.2	18.9	+69
Va. sun-cured, Type 37	3.3	3.8	+15	2.6	2.9	+12
Total cigar filler, Types 41-45	37.8	42.1	+11	47.3	51.2	+ 8
Pa. Seedleaf, Type 41	23.0	23.5	+ 2	33.3	31.7	- 5
Miami Valley, Types 42-44	14.0	17.5	+25	13.2	18.4	+39
Ga. and Fla. sun-grown, Type 45	.8	1.1	+38	.8	1.1	+38
Total cigar binder, Types 51-55	26.4	34.0	+29	41.2	50.7	+23
Conn.Valley Broadleaf, Type 51	7.5	9.0	+20	12.7	15.3	+20
Conn.Valley Havana Seed, Type 52	4.9	5.9	+20	8.3	8.9	+ 7
N.Y. and Pa. Havana Seed, Type 53	.8	1.1	+38	1.1	1.4	+27
Southern Wisconsin, Type 54	7.2	10.4	+44	11.0	14.6	+33
Northern Wisconsin, Type 55	6.0	7.6	+27	8.1	10.5	+30
Total cigar wrapper, Types 61-62	9.0	10.2	+13	9.6	10.5	+ 9
Conn.Valley Shadegrown, Type 61	6.4	7.3	+14	6.9	7.6	+10
Ga. and Fla. Shadegrown, Type 62	2.6	2.9	+12	2.7	2.9	+ 7
Total, all types	1,436.9	1,689.7	+18	1,153.1	1,420.9	+23

1/ Preliminary. 2/ Indicated July 1.
3/ Less than 5 tenths of 1 percent increase.